

BUDGET DEAL DONE (ALMOST)

Diligently working both sides of the political fence, Governor Arnold Schwarzenegger Friday obtained the legislative support necessary to place a heavily-revised "deficit reduction plan" on the March 2004 ballot. The Legislature subsequently recessed all special sessions, most likely until the regular session resumes in January.

The Assembly Thursday approved three measures to address the budget deficit: A \$15 billion bond measure to be placed on the March 2004 ballot ([AB 5x 9](#)); a constitutional amendment requiring a balanced state budget and creating a "rainy day" reserve fund ([ACA5x 5](#)) to be placed on the same ballot; and a bill ([AB 5x 8](#)) waiving the statutory deadlines to allow the measures to be placed on the ballot. Both the spending limit and the deadline waiver were approved unanimously, while the bond measure passed by a vote of 65-13, with 10 Republicans and 5 Democrats opposed or laying off.

The spirit of bipartisan cooperation extended only so far, however, as Assembly Democrats blocked subsequent efforts to bring up legislation to restore to local governments money lost with Gov. Schwarzenegger's repeal last month of the tripling of the state's vehicle license fee.

The Senate completed the approval of the deficit reduction passage late Friday afternoon, sending the bills to Schwarzenegger for his signature (the proposed constitutional amendment goes on the ballot automatically). The votes in the upper house were more partisan, with Republicans providing all the 'No' votes on both the bond measure (27-12) and the constitutional amendment (35-5).

Capitol watchers are divided whether the approval of the substantially revised deficit reduction plan constituted a victory for the new Governor or merely put a high gloss on a political defeat. Many on both sides of the aisle praised the spirit of cooperation that had led to passage of the measures. But some commentators, such as *Sacramento Bee* columnist [Dan Walters](#), called the deal "symbolic" and "face-saving" for the Governor, rather than truly substantive.

Nor is the approval of the two measures by the voters a sure thing. Assuming a possible effort to keep the proposals off the ballot is unsuccessful (since numerous other post-deadline measures have been placed on the ballot in years past), opposition is likely from both the far left and the far right.

HEALTH CARE REFERENDUM DERAILED

A Sacramento judge Friday ruled that an evidently successful referendum effort by business groups against a new law to require California employers to provide health insurance for their employees would not appear on the March ballot, because the petition used to collect the signatures was misleading.

Judge Lloyd Connelly, a former member of the Assembly, ruled that the petitions not only were flawed in several technical respects, but that they contained a material misstatement of the terms of [SB 2](#) ([Burton](#) & [Speier](#)). Opponents of the bill had spent roughly \$1.2 million to collect the 600,000 signatures they had intended to file, and vowed to immediately appeal the decision, seeking to have the referendum qualify for the March 2004 ballot or, failing that, the November ballot.

ASSEMBLY OFFICE POLITICS

Republican members of the Assembly played "musical offices" this week, with seven members switching Capitol digs. Two of the changes were necessitated by changes in position, as Republican Leader-elect [Kevin McCarthy](#) took over the suite heretofore occupied by current Leader [Dave Cox](#) of Sacramento, and [Rick Keene](#) of Chico, who is taking over as the Assembly Republicans' top budget negotiator, assumed the suite occupied by his predecessor, [John Campbell](#) of Irvine. And since former leadership rates higher in the Capitol hierarchy than mere members, several of the changes proceeded from there.

At least one Republican member, thought her office reassignment was more the product of politics than pragmatism, however. Assm. [Bonnie Garcia](#) (R-Cathedral City) accused Assm. Speaker [Herb Wesson](#) (D-Los Angeles) of assigning her to a "broom closet" (Rm. 5126) because of her accusations that Wesson is playing politics by paying her once (and possibly future) opponent \$40,000 a year to head up a satellite Speaker's office in Garcia's district.

"Broom closet banishment" is a long-standing tradition in the Capitol. Veteran Capitol-watchers recall that after Willie Brown lost his first speakership bid to Leo McCarthy in the late 1970's, he was exiled to a 6th floor office so small that "if a constituent wanted to come in, a secretary had to leave." Brown recovered from the experience, and went on to become Speaker for a record 14 years.